

Message Text

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ACTION EUR-12

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INFO AMEMBASSY SEOUL
AMEMBASSY TOKYO
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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 02723

USDOC FOR BEWT

E.O. 11652: GDS
TAGS: EFIS, EEWT,UR, US, KO
SUBJECT: US-USSR MARINE RESOURCES FISHERIES JOINT VENTURE
WITH SOVIET UNION

REF: (A) SEOUL 897, (B) MOSCOW A-25 (NOTAL),
(C) MOSCOW 1058, (D) STATE 5762

1. SUMMARY: US AND SOVIET OFFICIALS OF US-USSR MARINE RESOURCES CO. (MRC) MET RECENTLY IN MOSCOW. OFFICIALS OF THE FIRM STATED THAT ITS MAIN AREA OF OPERATIONS WILL BE IN THE NORTHEAST PACIFIC, WITH CATCH OF HAKE AND POLLACK BY AMERICAN FISHERMEN BEING PROCESSED ON SOVIET FACTORY SHIPS AND THEN SOLD DIRECTLY IN US. PURCHASING OF FISH IN USSR FOR PROCESSING IN KOREA WILL REPRESENT A SMALL PART OF THE COMPANY'S BUSINESS ACCORDING TO US MRC OFFICIALS, WHO SAID SOVIETS WERE HARD BARGAINERS ON PRICES. WE DO NOT SEE PRESENT OR FUTURE OPERATIONS OF MRC AS POSING SERIOUS OBSTACLE TO DEVELOPMENT OF US-KOREAN JOINT VENTURE. NAKHODKA REP OF MRC STATED THAT HE HAS
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MOVED INTO APARTMENT AND CAN NOW TRAVEL BY DAILY TRAIN TO Khabarovsk, BUT IS STILL EXCLUDED FROM VLADIVOSTOK. END SUMMARY.

2. US AND SOVIET OFFICIALS OF MARINE RESOURCES CO., A JOINT VENTURE BETWEEN SOVRYBFLOT AND BELLINGHAM COLD STORAGE CO. MET IN MOSCOW FEBRUARY 6-10. JAMES

TABOT, PRESIDENT OF BELLINGHAM COLD STORAGE, EXPRESSED SATISFACTION WITH THE MEETINGS AND NOTED THAT MRC HOPES TO BEGIN OPERATIONS OFF THE US NORTHWEST PACIFIC COAST BY MAY OR JUNE 1978, AFTER OBTAINING NECESSARY USDOC APPROVAL OF THE JOINT VENTURE, WHICH TABOT INDICATED HE EXPECTED TO RECEIVE SHORTLY. AS REF B INDICATED, CHIEF ACTIVITY OF MRC WILL BE TO PROCESS ON SOVIET FACTORY SHIPS HAKE AND POLLACK TAKEN BY US FISHERMEN WITHIN US 200 MILE FISHERIES CONSERVATION ZONE (FCZ). MRC REPS INDICATED THAT PRESENT PLANS CALL FOR OPERATIONS TO BEGIN IN MAY OR JUNE, 1978, WITH ONE SOVIET FACTORY SHIP, WHICH HAS A DAILY PROCESSING CAPACITY OF 40 TONS. SOVIET MINISTRY OF FISHERIES (MINFISH) REPS TOLD US INFORMALLY THAT IF MRC PROVES SUCCESSFUL THEY COULD FORESEE POSSIBILITY OF GRADUALLY EXPANDING OPERATIONS TO LEVEL OF EIGHT SOVIET FACTORY SHIPS; HOWEVER, THEY INDICATED THAT SUCH PLANS ARE VERY TENTATIVE.

3. WHILE MAIN AIM OF THE MRC IS TO PROCESS FISH TAKEN BY US FISHERMEN, MINFISH REPS NOTED THAT BECAUSE TABOT HAS REPORTEDLY SO FAR ONLY GOTTEN FIVE OR SIX US FISHERMEN TO SIGN SUPPLY CONTRACTS WITH MRC, THE JOINT VENTURE MAY ALSO INITIALLY PROCESS SOME FISH TAKEN BY SOVIET CATCH-BOATS. (TABOT, HOWEVER, TOLD US THAT EXPECTED USDOC APPROVAL OF THE JOINT VENTURE WOULD LEAD MANY OTHER US FISHERMEN TO SIGN SUPPLY CONTRACTS WITH MRC.)
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4. BOTH SOVIET AND US MRC REPS ASSERT THAT THE JOINT VENTURE WILL PROVIDE INCREASED EMPLOYMENT OPPORTUNITIES FOR US FISHERMEN, WHO ARE REPORTEDLY UNABLE TO HARVEST FULL POTENTIAL OF HAKE AND POLLACK DUE TO CLAIMED LACK OF US PROCESSING FACILITIES AND SHORT PERIOD FISH REMAIN FRESH AFTER CAUGHT, NECESSITATING FREQUENT RUNS TO SHORE. SOVIET MINFISH REPS FURTHER ASSERT THAT NEWLY RE-EQUIPPED SOVIET FACTORY SHIP ASSIGNED TO MRC WILL HAVE CAPACITY TO DRESS AND TO PROCESS RAW HAKE AND POLLACK AT SEA INTO FILLETS FOR HUMAN CONSUMPTION. (MINFISH REPS NOTED THAT THE SHIP IS EQUIPPED WITH SPECIAL TABLES, ILLUMINATED FROM BELOW BY FLUORESCENT LIGHTS, WHICH WILL REVEAL THE PARASITIC WORMS ENDEMIC TO POLLACK AND PERMIT THEIR REMOVAL; AN OPERATION FORMERLY DONE USING MICROSCOPES.) TABOT ALSO MENTIONED POSSIBILITY OF REPAIR OF SOVIET FACTORY SHIPS IN U.S. PORTS.

5. DURING TALKS IN MOSCOW US MRC REPS ALSO COMPLETED FINAL PURCHASE ARRANGEMENTS FOR THIRTY THOUSAND TONS OF SOVIET POLLACK (REF C), TAKEN FROM SOVIET FAR EASTERN WATERS ACCORDING TO TABOT, WHICH WILL BE PROCESSED

IN KOREA FOR EVENTUAL SHIPMENT TO US. TABOT INDICATED THAT SOVIETS DROVE A HARD BARGAIN ON PRICE BUT HE DID NOT SUPPLY SPECIFIC PRICE FIGURES. TABOT STATED THAT SUCH DIRECT PURCHASE ARRANGEMENTS IN THE FUTURE WILL REPRESENT ONLY A SMALL PART OF MRC'S ACTIVITIES.

6. MICHAEL STEVENS, US MRC REP IN NAKHODKA TOLD US THAT HE HAS MOVED INTO APARTMENT THERE (REF D). HE HAS ALSO BEEN PROVIDED ADEQUATE OFFICE FACILITIES IN HOTEL HORIZON AND SHORTLY EXPECTS TO RECEIVE PERMISSION TO INSTALL A TELEX. (WE ARE STILL OBLIGED TO CONTACT HIM THROUGH VLADIVOSTOK TELEX CHANNEL, WHICH ENTAILS UNCERTAINTY AND DELAY.) STEVENS INDICATED THAT HE IS NOW ALLOWED TO

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TAKE THE DAILY TRAIN TO Khabarovsk, which eases his travel to Japan and Moscow, but he is still excluded from Vladivostok. Soviet reps of Dalrybflot must travel to Nakhodka to meet Stevens, which significantly hampers his work. (Stevens' Soviet counterpart in Nakhodka claimed that Stevens would soon receive permission to travel to Vladivostok; however, he did not indicate the source of this information and we are inclined to doubt it.) Stevens noted that he has free movement within Nakhodka; however, large areas of the port are open only to those with special passes showing they have business there. Tabot indicated that he plans to write Minister of Fisheries Ishkov concerning the remaining restrictions on Stevens and he promised to send a copy of this letter to Econ/Comm Counselor.

7. COMMENT: OUR INFORMATION ON MRC ACTIVITIES COMES FROM SOVIETS AND AMERICANS INVOLVED IN THE JOINT VENTURE, WHO ARE NATURALLY INCLINED TO PORTRAY IT IN THE MOST FAVORABLE LIGHT. NEVERTHELESS, WE HAVE NO REASON TO DOUBT THE BULK OF THE INFORMATION THEY HAVE PROVIDED SO FAR. US INTEREST WOULD APPEAR TO BE SERVED BY PROMOTION OF CONFIDENTIAL

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EMPLOYMENT OPPORTUNITIES FOR US FISHERMEN, AND IN THIS REGARD WE BELIEVE THAT ACTIVITIES OF US-SOVIET AND US-KOREAN JOINT VENTURES COULD DEVELOP SIMULTANEOUSLY, ASSUMING THAT RESERVES OF HAKE AND POLLACK ARE LARGE ENOUGH TO SUPPORT BOTH JOINT VENTURES. HOWEVER, MRC'S IMPORTATION OF SOVIET-ORIGIN POLLACK SHOULD BE CAREFULLY MONITORED FOR ITS EFFECT ON US FISHERIES ACTIVITIES. MATLOCK

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